

LINE OF CREDIT NOTE

\$500,000.00

As of August 26, 2020

FOR VALUE RECEIVED, SOVEREIGN COMMUNITY SCHOOL FOUNDATION, an Oklahoma domestic not for profit corporation ("**Borrower**"), promises to pay to the order of SFS DEVELOPMENT, INC., an Oklahoma domestic not for profit corporation ("**Lender**"), the principal sum of FIVE HUNDRED THOUSAND and 00/100 Dollars (\$500,000.00) or, if less, all such sums as may have been advanced and be outstanding hereunder, together with interest on the unpaid principal balance as set forth below. All sums hereunder are payable to Lender at its office designated in the Agreement (as defined below).

Unless the context hereof otherwise requires or provides, the terms used herein defined in that certain Loan Agreement between Borrower and Lender of even date herewith, as the same has been or may be amended, restated, supplemented or otherwise modified from time to time (the "**Agreement**"), have the same meanings.

This Note evidences an advancing term facility, and no amounts paid hereunder may be reborrowed. The unpaid principal balance from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) shall bear interest as provided in the Agreement. The principal of and interest on this Note shall be due and payable as provided in the Agreement. The principal and interest due hereunder shall be evidenced by Lender's records which, absent manifest error, shall be conclusive evidence of the computation of principal and interest balances owed by Borrower to Lender hereunder.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date and year first above written.

SOVEREIGN COMMUNITY SCHOOL
FOUNDATION,
an Oklahoma domestic not for profit corporation

By: Kate Soltuska
Name: KATE SOLTUSKA
Title: SCHOOL BOARD PRESIDENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "***Security Agreement***") is entered into as of August 26, 2020, by SOVEREIGN COMMUNITY SCHOOL FOUNDATION, an Oklahoma not for profit corporation having its principal place of business in Oklahoma City, Oklahoma ("***Borrower***" or "***Debtor***"), the mailing address for which is 12600 N. Kelley Avenue, Oklahoma City, Oklahoma 73131, in favor of SFS DEVELOPMENT, INC., an Oklahoma not for profit corporation ("***Secured Party***" or "***Lender***"), the mailing address for which is 4825 S. Shields Boulevard, Oklahoma City, Oklahoma 73129.

WHEREAS, at the time of the execution of this Security Agreement, Secured Party and Borrower have entered into a Loan Agreement dated as of even date herewith (as amended, modified, increased or restated from time to time, the "***Agreement***") pursuant to which the Lender has agreed to make loans and provide other financial accommodations to Borrower;

WHEREAS, to induce Lender to make the loans and provide other financial accommodations provided for in the Agreement, Debtor has agreed to grant a security interest in certain collateral as hereinafter described as security for the repayment of such loans and other financial accommodations; and

WHEREAS, Debtor has determined that it may reasonably be expected to benefit, directly or indirectly, from granting a lien upon the collateral hereinafter described in order to secure the loans pursuant to the Agreement, all as hereinafter provided;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and to extend such additional credit as provided in the Agreement, the parties do hereby agree as follows:

1.0 **Terms**. Terms defined in the Agreement have the same meanings when used herein unless otherwise defined herein or the context hereof otherwise requires. Certain terms used herein are defined in Appendix I hereto, which is incorporated herein. Terms not defined herein (including Section 2.1) or in the Agreement which are defined in the Oklahoma Uniform Commercial Code, as in effect on the date hereof (the "***UCC***"; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the Security Interest is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Oklahoma, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions), have the meanings specified in the UCC, and the definitions specified in Article 9 of the UCC control in the case of any conflicting definitions in the UCC. The singular number includes the plural and vice versa. Captions of Sections do not limit the terms of such Sections.

EXECUTED as of the day, month and year first above written.

DEBTOR:

**SOVEREIGN COMMUNITY SCHOOL
FOUNDATION**

By: Kate Soltuska

Name: KATE SULTUSKA

Title: SCHOOL BOARD PRESIDENT

[Signature Page to Security Agreement]

SECURED PARTY:

SFS DEVELOPMENT, INC.

By: 

Name: Christopher J. Brewster

Title: Seal

[Signature Page to Security Agreement]

LOAN AGREEMENT

As of August 26, 2020

Between

BORROWER Sovereign Community School Foundation 12600 N. Kelley Avenue Oklahoma City, OK 73131	LENDER SFS Development, Inc. 4825 S. Shields Boulevard Oklahoma City, OK 73129
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In consideration of the creation of the revolving credit facility described below and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, Lender and Borrower agree as follows:

SECTION 1. *DEFINITIONS*

1.1 **Certain Definitions.** In addition to any other terms defined herein, the following terms shall have the meanings set forth with respect thereto:

“Agreement” means this Loan Agreement and all subsequent modifications and amendments hereto.

“Bankruptcy Default” means an Event of Default described in Section 10.7.

“Budget” means a budget and cost itemization prepared by Borrower, and approved in writing by Lender, specifying the cost by item, as applicable, of (a) all labor, materials, and services necessary for operating Sovereign Community School; and (b) all other expenses anticipated by Borrower incident to operation of Sovereign Community School.

“Business Day” means a weekday, Monday through Friday, except a legal holiday or a day on which banking institutions in Oklahoma City, Oklahoma are authorized or required by law to be closed. Unless otherwise provided, the term “days” when used herein shall mean calendar days.

“Closing Date”: See Section 4.

“Commitment” means the obligation of Lender, subject to the terms and conditions of this Agreement, to make Loans which shall not exceed at any one time outstanding \$500,000.00.

“Contested in Good Faith” means, as to any payment, tax, assessment, charge, levy, lien, encumbrance or claim, contesting the amount, applicability or validity thereof in good faith by appropriate proceedings or other appropriate actions promptly initiated and diligently conducted in a manner satisfactory to Lender, provided (a) a deposit of funds or other security satisfactory

shareholders, managers, members or creditors, or by an indemnified party and whether or not the transactions hereby are consummated. Borrower shall defend any claim for which an indemnified party is entitled to seek indemnity pursuant to the preceding sentence, and the indemnified party shall cooperate with the defense. The indemnified party may have separate counsel, and Borrower will pay the expenses and reasonable fees of such separate counsel if either counsel for Borrower or counsel for the indemnified party shall advise the indemnified party that the interests of both Borrower and the indemnified party with respect to such claim are or with reasonable certainty will become adverse. The agreements and obligations of Borrower contained in this Section shall survive payment in full of the Obligations.

SECTION 13. *MISCELLANEOUS*

Borrower and Lender further covenant and agree as follows, without limiting any requirement of any other Loan Document:

13.1 **Notices.** Except as otherwise expressly provided herein, all notices, requests or demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing (including telegraphic, telex and facsimile transmission) delivered to the other party at the addresses set forth below or to such other address as any party may designate by written notice to the other party. Each such notice, request and demand shall be deemed given or made (whether actually received or not) (a) if sent by mail, upon deposit in the U.S. Mail, first class postage prepaid, and (b) if sent by any other means, upon delivery.

Borrower:

Sovereign Community School Foundation
12600 N. Kelley Avenue
Oklahoma City, OK 73131

Attn: KATE SULTUSKA

Email: kate.sultuska@sovereignschools.org

Phone: 405 760 9420

Lender:

SFS Development, Inc.
4825 S. Shields Boulevard
Oklahoma City, OK 73129

Attn: Chris [Signature]

Email: chrisc@sanfordsof.org

Phone: 405 409 0407

13.2 **Cumulative Rights and No Waiver.** Each and every right granted to Lender under any Loan Document, or allowed it by law or equity shall be cumulative of each other and may be exercised in addition to any and all other rights of Lender, and no delay in exercising any

TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 14. **NOTICE OF FINAL AGREEMENT**

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

BORROWER:

SOVEREIGN COMMUNITY SCHOOL
FOUNDATION,
an Oklahoma not for profit corporation

By: Kate Sultuska

Name: KATE SULTUSKA
Title: SCHOOL BOARD PRESIDENT

LENDER:

SFS DEVELOPMENT, INC.,
an Oklahoma not for profit corporation

By: Christopher J. Breiter

Name: CHRISTOPHER J. BREITER
Title: Sgt.

LIST OF EXHIBITS

A.....	Borrowing Request	§ 2.1
B.....	Compliance Certificate	§ 6.1

EXHIBIT A

BORROWING REQUEST

Reference is made to that certain Loan Agreement between SFS Development, Inc. and Sovereign Community School Foundation dated as of August 26, 2020 (together with all amendments and modifications, if any, from time to time made thereto, the "*Loan Agreement*"). The terms used herein shall have the same meanings as provided therefor in the Loan Agreement unless the context hereof otherwise requires or provides.

A. GENERAL.

1. Date of proposed Loan August 26, 2020
2. Amount Requested. \$250,000.00
3. Description of use of proceeds of Loan: Salaries, benefits, teacher's retirement, utilities, and working capital.
4. Borrower hereby certifies that all conditions precedent specified by the Loan Agreement for this Loan have been complied with in all respects.

B. AVAILABILITY.

1. Enter: Amount of Commitment \$500,000.00
2. Enter: Principal Debt outstanding as of this date. \$0
3. Excess (deficit) available for Loans (subtract line B2 from line B1). \$500,000.00

Borrower hereby certifies that on the date hereof the representations and warranties contained the Loan Agreement are true in all material respects as if made on the date hereof, and no Event of Default or Potential Default exists.

Dated August 26, 2020.

[Signature Page Follows.]

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of August 26,
2020.

Sovereign Community School Foundation

By: Kate Sultuska
Name: Kate Sultuska
Title: Board President